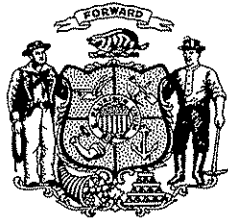


# STATE OF WISCONSIN

SENATE CHAIR  
**MARK MILLER**

317 East, State Capitol  
P.O. Box 7882  
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Phone: (608) 266-9170



ASSEMBLY CHAIR  
**MARK POCAN**

309 East, State Capitol  
P.O. Box 8952  
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Phone: (608) 266-8570

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Mark Miller  
Representative Mark Pocan

Date: November 9, 2009

Re: Department of Health Services Contract Amendment with EDS for  
the MMIS and Fiscal Agent Services

Attached is a report on an amendment to the contract between DHS and EDS for the Medicaid Management Information System (MMIS) and Fiscal Agent Services from the Department of Health Services, pursuant to s. 49.45(2)(a)(16), Stats.

The Department is required to notify the JFC and appropriate standing committee in each house of the Legislature of amendments to the contract, pursuant to s. 49.45(2)(a)(16), Stats. The contract amendment specifies changes to operational performance standards, documents additional services to be provided under the contract at no additional costs, and confirms the operational start date and term of the operations contract.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm



State of Wisconsin  
Department of Health Services

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Jim Doyle, Governor  
Karen E. Timberlake, Secretary

November 4, 2009

Honorable Mark Pocan  
Co-Chair Joint Committee on Finance  
Room 309 East, State Capitol  
Madison, WI 53708

Dear Representative Pocan:

I am writing to notify you of an amendment to the contract between the Department of Health Services (DHS) and EDS for the Medicaid Management Information System (MMIS) and Fiscal Agent Services. The Department is required to notify the Joint Committee on Finance and appropriate standing committees in each house of the Legislature of amendments to the contract, pursuant to s. 49.45(2)(a)(16), Wis. Stats.

The contract amendment specifies changes to operational performance standards, documents additional services to be provided under the contract at no additional cost, and confirms the operational start date and term of the operations contract. These contract changes will help assure timely and accurate service to ForwardHealth program providers and members in the areas of the call center, managed care, and claims processing and payment.

Sincerely,

Karen E. Timberlake  
Secretary

Attachment

cc: Representative Jon Richards, Chair, Assembly Committee on Health and Health Care Reform  
Senator Jon Erpenbach, Chair, Senate Committee on Health, Health Insurance, Privacy, Property Tax Relief, and Revenue  
Senator Mark Miller, Co-Chair Joint Committee on Finance

**AMENDMENT TO CONTRACT FOR MMIS AND FISCAL AGENT SERVICES  
FOR THE WISCONSIN MEDICAID PROGRAM  
AMENDMENT #2**

Whereas, the State Department of Health Services, formerly contracting as the Department of Health and Family Services (herein referred to as the "Department") and EDS Information Services, L.L.C., formerly contracting as E.D.S. Federal Corporation (herein referred to as "Contractor") entered into and are now operating under a Contract for MMIS and Fiscal Agent Services for the Wisconsin Medicaid Program (herein referred to as "Contract") which took effect January 17, 2005; and,

Whereas, the Contract provided at Section 50.1310 that it may be modified or amended at any time by the mutual consent of Contractor and State, and that all such amendments shall become effective only when approved by the federal Centers for Medicare and Medicaid Services (herein referred to as "CMS") and State authorities, and subsequently executed by the parties hereto; and,

Now, therefore, in consideration of the foregoing recitals and of the mutual promises contained herein, State and Contractor hereby agree as follows:

1. Section 50.1210 Initial Term of Contract is amended as follows:

The operations period of the Contract shall begin on November 10, 2008 and continue for sixty [60] months unless extended or terminated in accordance with applicable contract provisions. The Contractor shall not commence work, or commit funds, or incur costs, or in any way act to obligate the State of Wisconsin prior to contract execution.

2. Section 50.1720 Payments During the Operations Phase is amended to add the following:

The Contractor will provide the following staff and services in addition to the levels it maintained prior to this amendment, at no additional cost to the State during the contract:

- The Contractor will provide four additional provider representatives. One of the additional representatives will be hired by the end of July, 2009 and the remaining representatives will be hired by the end of October, 2009.
- By July 1, 2009 the Contractor will staff a Dental Access Unit with six full-time workers to focus on helping Medicaid patients find dental providers and to work with dental offices, advocates, and the Wisconsin Dental Association to help encourage dentists to become Medicaid providers. The Contractor will dedicate telephone lines for these purposes on the existing member and provider toll free call center.

3. Section 50.1730 Payments for Scope of Work Changes is amended to add the following:

- For calendar year 2009, the Contractor will provide an additional 35,000 hours of system modification hours so that the total number of hours for calendar year 2009 will be 70,000 hours. For calendar year 2010 and each contract year thereafter, the Contractor will provide an additional 10,000 hours of system modification hours so that the total number of hours for each of those calendar years will be 45,000 hours (plus any carryover hours from prior contract years.)



4. Replace Section 50.1911 in the Contract with the following:

Section 50.1911 Timeliness of Claims and Adjustments Processing – Performance Requirement

The Contractor must provide prompt and accurate processing of claims from receipt to approval or denial and not accumulate an excessive claims inventory or aged claims.

The Contractor shall process all paper claims and adjustments, from receipt to adjudication, except those specifically exempted by written notice by DHS or those days where a claim is physically in the custody of the Department staff, as determined by DHS, within the following time limits: seventy-five percent (75%) of all claims and adjustments shall be processed within ten (10) calendar days of receipt, ninety percent (90%) of all claims and adjustments shall be processed within twenty-one (21) calendar days of receipt, ninety-five percent (95%) of all claims and adjustments shall be processed within thirty (30) calendar days of receipt, one hundred percent (100%) of all claims and adjustments shall be processed within ninety (90) calendar days of receipt.

The Contractor shall process all electronic claims and adjustments, from receipt to adjudication, except those specifically exempted by written notice by DHFS or those days where a claim is physically in the custody of the Department staff, as determined by DHFS, within the following time limits: ninety percent (90%) of all claims and adjustments shall be processed within seven (7) calendar days of receipt, ninety-five percent (95%) of all claims and adjustments shall be processed within fourteen (14) calendar days of receipt, ninety-nine percent (99%) of all claims and adjustments shall be processed within thirty (30) calendar days of receipt and 100% of all claims and adjustments shall be processed within forty-five (45) days of receipt.

If the Contractor is unable to adjudicate any claim or adjustment because it lacks a policy determination or other information obtainable only from the Department, the Contractor shall immediately notify the Department, in writing. The Contractor shall have the days from notification receipt by the Department until the date the Contractor receives a response from the Department exempted from claims processing timeliness for purposes of imposing financial liability (the days will not count toward the timeliness thresholds).

5. Replace Section 50.1912 of the Contract with the following: Section 50.1912 Timeliness of Claims and Adjustments Processing – Damages

Damages will be assessed in the following amounts: one thousand dollars (\$1,000.00) per zero point two percent (0.2%) of paper claims and adjustments processed under the seventy five percent (75%) threshold within ten (10) calendar days of receipt; one thousand five hundred dollars (\$1,500.00) per zero point two percent (0.2%) of paper claims and adjustments processed under the ninety percent (90%) threshold within twenty-one (21) calendar days of receipt; two thousand dollars (\$2,000.00) per zero point two percent (0.2%) of paper claims and adjustments processed under the ninety-five percent (95%) within thirty (30) calendar days of receipt; five thousand dollars (\$5,000.00) per zero point two percent (0.2%) of paper claims and adjustments processed under the one hundred percent (100%) threshold within ninety (90) calendar days of receipt; five dollars (\$5.00) per paper claim and/or adjustment, per day, for any paper claim or adjustment processed after ninety (90) calendar days of receipt. The Contractor

will automatically deduct the damage assessments from the next monthly invoice, itemizing the assessment deductions on the invoice.

Damages will be assessed in the following amounts: one thousand dollars (\$1,000.00) per zero point two percent (0.2%) of electronic claims and adjustments processed under the ninety percent (90%) threshold within seven (7) calendar days of receipt; one thousand five hundred dollars (\$1,500.00) per zero point two percent (0.2%) of electronic claims and adjustments processed under the ninety-five percent (95%) threshold within fourteen (14) calendar days of receipt; two thousand dollars (\$2,000.00) per zero point two percent (0.2%) of electronic claims and adjustments processed under the ninety percent (99%) within thirty (30) calendar days of receipt; five thousand dollars (\$5,000.00) per zero point two percent (0.2%) of electronic claims and adjustments processed under the one hundred percent (100%) threshold within forty-five (45) calendar days of receipt; five dollars (\$5.00) per electronic claim and/or adjustment, per day, for any electronic claim or adjustment processed after forty-five (45) calendar days of receipt. The Contractor will automatically deduct the damage assessments from the next monthly invoice, itemizing the assessment deductions on the invoice.

5. Replace Section 50.19141 of the Contract with the following:

**Section 50.19141 Call Center Availability – Performance Requirement**

The Contractor will insure that the call center system is available ninety-nine percent (99%) of the time per day. The Member Call Center will be available and on line from 8:00 a.m. until 6:00 p.m. (CT) Monday through Friday. The Provider Call Center will be available and on line from 7:00 a.m. until 6:00 p.m.(CT) Monday through Friday. The Contractor shall provide weekly administrative reports detailing the actual performance of the system and the availability of the system by hour.

6. Replace Section 50.19151 of the Contract with the following:

**Section 50.19151 Call Center Response Time –Performance Requirement**

The contractor must provide and maintain sufficient provider and member customer service phone lines and customer service correspondent staff so that for each toll free number:

- at least 90% of calls offered will be answered within three (3) minutes
- at least 95% of all calls offered will not encounter a busy condition

Calls offered is defined as calls received for call center staff to answer and do not include calls answered by automated voice response systems. Performance will be measured separately for each call center and will be measured weekly based on the average of actual performance of each call center for each business day during the week.

7. Replace Section 50.19152 of the Contract with the following

**Section 50.19152 Call Center Response Time - Damages**

Damages may be assessed at the rate of five hundred dollars (\$500) per week for each percentage point below the requirement.



8. Create new Sections 50.19181 and 50.19182 as follows:

Section 50.19181 Managed Care –Performance Requirements:

The Contractor must:

- Generate accurate, and complete electronic and/or hard copy reports of enrollees for distribution to MCOs. The reports must be produced and distributed based on the requirements and schedule defined by DHS. Electronic reports must comply with applicable HIPAA mandated standards ( 834).
- Generate accurate and complete electronic and/or hard copy reports of payments to MCOs. The reports must be produced and distributed based on the requirements and schedule defined by DHS. Electronic reports must comply with applicable HIPAA mandated standards (820).
- Generate all electronic and/or hard copy reports required by DHS for distribution to MCOs and other parties defined by DHS to support managed care operations, encounter processing, and MCO contract compliance requirements. The reports must be produced and distributed based on the requirements and schedule defined by DHS. All reports must be accurate and complete and comply with RFP requirements including but not limited to requirements for format, content, technical and user documentation.
- Generate and send accurate State-approved enrollment materials to members in the enrollment process, at a minimum, on a weekly basis or on a schedule defined by DHS.
- Review and respond to MCO inquiries within three (3) business days.

Section 50.19182 Managed Care Performance Requirements – Damages

Damages for non compliance with the performance standards for all reports and enrollment materials in 50.19181 may be assessed at an amount of five hundred dollars (\$500.00) per State of Wisconsin business day beyond the scheduled distribution date until the non-compliance is corrected.

Damages for non compliance with the performance standards for response to MCO inquiries in 50.19181 may be assessed at an amount of two hundred fifty dollars (\$250.00) per State of Wisconsin business day for each day after the three-day standard until the non-compliance is corrected.

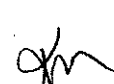
9. Replace Sections 50.1971 and 50.1972 of the contract as follows:

Section 50.1971 Data Warehouse Refresh Requirements – Performance Requirement

The Contractor must refresh Data Warehouse claims and financial tables weekly, no later than 6 am CST on Monday or the first business day after completion of the weekly ForwardHealth financial cycle. The Contractor must refresh other data warehouse tables, including but not limited to recipient eligibility and reference data files in accordance with the data refresh schedule designated by the State.

Section 50.1972 Data Warehouse Refresh Requirements- Damages

Damages of two thousand five hundred dollars (\$2500.00) per day may be assessed when the data warehouse refresh was not performed by the data refresh timeframe and schedule of Section 50.1971 of the contract.



10. The above amendments to subsections within Section 50.1900 Performance Standards – Liquidated Damage are effective April 1, 2009.
11. All terms and conditions of the Contract and any prior amendments that are not affected by this Amendment shall remain in full force and effect through the duration of the Contract, and the terms of the Amendment shall be fully incorporated into the Contract by this reference and fully enforceable as any other term.
12. This amendment may itself be amended by mutual consent of the Contractor and State pursuant to Section 50.1310 of the Contract.

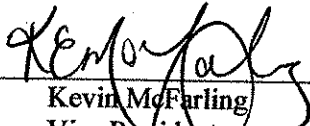
Except as otherwise noted above, this Amendment takes effect when executed by both parties as indicated below.

IN WITNESS THEREOF, the parties hereto have caused this Contract to be executed by their duly authorized representatives, on the dates indicated below each signature.

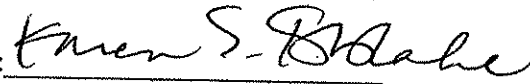
Electronic Data Systems. LLC  
(Formerly Electronic Data Systems  
Corporation)

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH  
SERVICES

BY:

  
Kevin McFarling  
Vice President

BY:

  
Karen E. Timberlake  
Secretary

DATE: September 3, 2009

DATE:

11/3/09